

Ukrainian Cities Learn Business Skills To Enter Modern World Market

KHARKIV, Ukraine—The region surrounding Kharkiv, a city of 1.5 million, needed a fresh start as giant industries that built nuclear turbines under the old Soviet Union laid off workers. USAID and private U.S. business groups helped provide the needed boost through business and economic development training.

In about 15 small cities in the region, an alliance formed by USAID with the Gillette Foundation and the International Executive Service Corps (IESC), has helped form economic development offices that promote business, seek new contracts, and try to boost sales.

In the Soviet era, Ukrainian businesses never had to market their wares. State monopolies meant that customers had no choice but to buy from state firms and accept whatever they produced.

New business psychology and skills have been introduced in this pilot project, with the help of a recently completed USAID economic development project and the \$600,000 alliance. Half the funds came from the Agency; the rest came from Gillette and IESC volunteers.

Izyum, a city in the region, was known for its optical production. Now it has several small firms making binoculars and eyeglasses. The economic development office, with the help of USAID, is providing internet and website marketing services to these new companies, said USAID program officer Bill Penoyar.

"The factories were there but the ability to market and grow benefited from the economic development office," he said. "These were communities that hadn't gotten help from anyone, including their own government."

"The program woke up our communities," said Viktor Sidorenko of the development office in Sakhnovshchina.

Since Gillette operates a distribution plant and sells products in Ukraine, it

agreed to assist the project through its foundation.

"We remain passionate about supporting the communities in which we do business," said John F. Manfredi, Senior Vice President for Corporate Affairs of the Gillette Company. "This project will clearly benefit business and, more importantly, the men, women, and families who seek financial stability within their communities."

Once communities agreed to create the new offices, IESC trained newly hired economic development officers in how to spot business opportunities and market a city to investors. The officers learned how to teach entrepreneurs' new skills, such as making business presentations or using the internet to buy and sell. More experienced officers taught the rookies how to develop a strategic plan for economic development.

One IESC volunteer expert from Idaho spent two months helping the economic development offices get organized, drafted a manual on office procedures and services, and provided feedback on the communities' economic development plans.

IESC volunteers also worked with the cities of Pryluky and Pavlohrad, near Kharkiv. Both were centers of military-industrial production during the Soviet Union, and are now in severe economic decline. The alliance helped them develop strategies for civilian commercial and economic development. During a recent conference, representatives from these cities noted their appreciation for the alliance's assistance and expressed new optimism for their future.

"The way the partnership links volunteerism with corporate community investment is a promising model," said Dan Runde, Senior Advisor in the Global Development Alliance Secretariat. ★

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A trade show organized by the Chuguev Economic Development Office brought together local manufacturers from all the participating cities to promote regional trade.